

INTEREST & DIVIDENDS TAX WORKSHEET **DISTRIBUTIONS FROM PARTNERSHIPS** **PARTNERS CALCULATION**

PART A

Partners Current Profits Worksheet. The purpose of this form is to aid in the determination of cash or property distributions. Information comes from the Federal Form 1065 schedule K-1, Part III. Distributions of appreciated property to the partners are included on this worksheet.

Current Year Income/Loss, Deductions, and other items of income and expense that effect the calculation of current and accumulated profits are accounted for on this worksheet. Certain non-taxable amounts of income must be added back to current earnings because they increase the partnership's ability to pay a dividend. Some nondeductible expenses are subtracted because they decrease the partnership's ability to pay a dividend. Expenses incurred by the partnership that are for the benefit of the partners which are personal in nature are added back to current profits.

1. Ordinary income (loss)	
2. Net rental income (loss)	
3. Other net rent income(loss)	
4. Interest income	
5. Ordinary dividend income	
6. Qualified dividend income	
7. Royalty income	
8. Net short term gains or losses	
9. Net long term gains or losses	
10. Collectibles gain (loss)	
11. Unrecaptured section 1250 gain	
12. Net section 1231 gain (loss)	
13. Other gains or losses	
14. Tax-exempt income	
15. Expenses related to tax exempt income	
16. Section 179 adjustment	
17. Personal deductions	
18. Net gain on distributed appreciated property	
19. Other Adjustments	
20. Total Lines 1 through 19; this is Current Profits	

PART B

Allocating Current and Accumulated Profits to distributions after application of Compensation Deduction:

Current profits is the amount from Line 20 of this tax period. Accumulated profits are the amounts from prior periods that have not been reduced by distributions from the business organization.

If current and accumulated profits are both positive: Distributions are deemed made first from current profits, then accumulated profits. If distributions exceed current profits it becomes necessary to allocate current profits to the distribution first and then accumulated profits to the distribution. If current profits are positive and accumulated profits have a deficit, accumulated profits are NOT netted against current profits. A distribution is taxable, to the extent of positive current profits. If accumulated profits are positive and current profits are negative, net and apply to the distribution. If the balance is zero or a deficit, distribution is a return of capital. If balance is positive, the distribution is taxable to the extent of the balance.

1. Enter current year profits from line 20 above.		1.	
2. Current year distributions.	2.		
3. Less current reasonable compensation deduction and prior years carry over.	3.		
4. Distribution to be allocated to current profits and accumulated profits (Line 2 minus Line 3). If greater than 0, continue to line 5. If less than or equal to 0, STOP , an amount less than 0 will be available as a compensation carry over for subsequent taxable periods.		4.	
5. Enter result of line 4 minus line 1. If greater than 0, continue to line 6. If less than or equal to 0, STOP and enter the amount from Line 4 on Line 8.			5.
6. Enter accumulated profits from prior years on this line. If negative, enter 0.		6.	
7. Enter the result of line 6 minus line 5. If greater than 0, enter the sum of Line 1 and Line 5 on Line 8. If Less than or equal to 0, enter the sum of Line 1 and Line 6 on Line 8.		7.	
8. Taxable distribution, enter on Form DP-10 line 2.			8.